



Selby District Council

Internal Audit Progress Report 2019/20



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Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, the Head of Internal Audit is required to regularly report progress on the delivery of the internal audit plan to the Audit and Governance Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members approved the 2019/20 Internal Audit Plan at their meeting on 10th April 2019. The total number of planned days for 2019/20 is 355 (including 33 days for risk management). This is a 20 day reduction from last year in order to fund additional priority counter fraud work. This is a temporary one year reduction to reflect increased demand on the counter fraud service and will be reviewed at the end of the year. The performance target for Veritau is to deliver 93% of the agreed Audit Plan by the end of the year. This report summarises the progress made in delivering the agreed plan.

Internal Audit Work Carried Out 2019/20

- 3 A summary of the audit work in progress and completed in the year to date is attached at Annex 1.
- 4 At the time of drafting this report, there are eleven 2019/20 audits in progress. There are currently no reports at draft report stage. It is anticipated that the target to complete 93% of the audit plan will be exceeded by the end of April 2020 (the cut off point for 2019/20 audits).
- 5 Veritau officers are involved in work in a number of other related areas:
 - **Support to the Audit and Governance Committee;** this is mainly ongoing through our support and advice to Members. We also facilitate the attendance at Committee of managers to respond directly to Members' questions and concerns arising from audit reports and the actions that managers are taking to implement agreed actions.
 - **Contractor Assessment;** this work involves supporting the assurance process by using financial reports obtained from Experian (Credit Agency) in order to confirm the financial suitability of potential contractors.
 - **Risk Management;** Veritau facilitates the Council's risk management process and provides support, advice and training in relation to risk management. Whilst Veritau facilitates the risk management process by offering challenge and support it retains its independence and objectivity as it is not part of the risk management process (Veritau does not assess or score individual risks).
 - **Systems Development;** Veritau attend development group meetings in order to ensure that where there are proposed changes to processes or new ways of delivering services, that the control implications are properly considered.
- 6 An overall opinion is given for each of the specific systems under review.

The opinions used by Veritau are provided below:

High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.
No Opinion Given	An opinion is not provided when a piece of work is non-assurance or limited in scope. This may include work such as grant claims, fact-finding work, projects, a review of follow-up implementation or consultancy work.

- 7 The following priorities are applied to individual actions agreed with management:

Priority 1 (P1) – A fundamental system weakness, which represents unacceptable risk to the system objectives and requires urgent attention by management.

Priority 2 (P2) – A significant system weakness, whose impact or frequency presents risk to the system objectives, which needs to be addressed by management.

Priority 3 (P3) – The system objectives are not exposed to significant risk, but the issue merits attention by management.

Follow up of agreed actions

- 8 It is important that agreed actions are formally followed-up to ensure that they have been implemented. Where necessary internal audit will undertake further detailed review to ensure the actions have resulted in the necessary improvement in control.
- 9 A number of actions have revised implementation dates. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable (e.g. due to unexpected difficulties or where actions are dependent on new systems being implemented). These actions will be followed up after the revised target date and if necessary they will be raised with senior managers in accordance with the escalation procedure.

- 10 Five outstanding actions relating to the 2015/16 audit of Information Governance have been consolidated into one action. This action reflects ongoing work to achieve compliance with the General Data Protection Regulation (GDPR). This is currently expected to be completed by 31 March 2020 and further details can be found at Annex 3.
- 11 All 64 agreed actions from 2016/17 audits have been followed up with the responsible officers. Of these, 63 have been satisfactorily implemented. The final action relates to an audit of Development Management where an implementation date cannot yet be agreed due to resourcing issues. Further details can be found at Annex 3.
- 12 All 42 agreed actions from 2017/18 audits have been followed up with the responsible officers. Of these, 39 have been satisfactorily implemented. The other three actions had not been implemented by the target date; a revised target date was subsequently agreed and the action will be followed up again after that point. A summary of this follow up work is included below:

2017/18 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	39	1	19	19
Revised date agreed	3	1	1	1
Follow up in progress	0	0	0	0
Not yet followed up	0	0	0	0
Total agreed actions	42	2	20	20

- 13 A total of 53 agreed actions from 2018/19 audits have been followed up with the responsible officers. Of these, 36 have been satisfactorily implemented. In the other 17 cases, the action had not been implemented by the target date; a revised target date was subsequently agreed and the action will be followed up again after that point. A further 9 remaining actions agreed in 2018/19 audits have either not yet been followed up because the target dates have not passed or follow up work is still in progress. A summary of this follow up work is included below:

2018/19 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	36	1	23	12
Revised date agreed	17	0	8	9
Follow up in progress	2	0	1	1
Not yet followed up	7	0	7	0
Total agreed actions	62	1	39	22

- 14 Where Priority two actions have been revised for more than 6 months, details and current status can be found at Annex 3.

Annex 1: 2019/20 Audits

Audit	Status	Audit Committee
<u>Corporate Risk Register</u>		
Savings Delivery	Due to start Feb 20	
Financial Resilience	In progress	
Organisational Development	Due to start Feb 20	
<u>Financial Systems</u>		
Benefits	Due to start Feb 20	
Capital Accounting (carried forward)	Substantial Assurance	January 2020
Council Tax & NNDR	In progress	
Creditors	In progress	
General Ledger	Due to start Feb 20	
Housing Rents	In progress	
<u>Regularity / Operational Audits</u>		
Absence Management	Deferred ¹	
Assurance Mapping	In progress	
Community Engagement	In progress	
Community Infrastructure Levy	In progress	
Data quality	In progress	
Emergency Planning	Due to start Feb 20	
Health & Safety	In progress	
Planning	Support/Advice provided	
<u>Technical / Project Audits</u>		
Better Together	In progress	
Contract Management and Procurement	Due to start Feb 20	
ICT – Cyber Security Awareness	In progress	
ICT – User Access Levels	Due to start Feb 20	
Information Security	Substantial Assurance	January 2020
Project Management	In progress	

¹ This was deferred at the request of SDC due to NYCC carrying out their own review.

Draft Reports Issued

There are currently no 2019/20 reports at draft report stage.

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in October 2019. In all cases the actions have been agreed with management, and will be followed up by internal audit when the due date is reached.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Information Security Checks	Substantial Assurance	0	1	1	The audit found that there was an improvement from the previous checks with significantly fewer items found. However, some personal and commercially sensitive data was left in unlocked pedestals.
Capital Accounting	Substantial Assurance	0	1	0	The audit reviewed the completeness of the asset register, recording of acquisitions and disposals and the revaluation schedule for assets. One action was agreed which related to formalising the Council's relationship with its valuers.
Housing Development (18/19)	Reasonable Assurance	0	3	0	The audit reviewed the relationship between the Council and the Selby & District Housing Trust. It found that improvements could be made in relation to monitoring time spent for the Trust and managing any conflicts of interest that may arise.

Annex 3: P2 actions or above with revised dates of more than 6 months

Audit	Agreed Action	Priority rating	Responsible Officer	Due	Notes
Information Governance	<p>The agreed actions from the audit have been consolidated into one action and is summarised as follows.</p> <ul style="list-style-type: none"> • Review the Information Asset Register (IAR). • Ensure Information Asset Owners (IAOs) and SIRO are identified and their responsibilities captured in job descriptions. • Ensure any relevant risks from the review are reflected in risk registers. • Ensure the information is used to drive the creation and publication of Privacy Notices for key information assets. • Ensure the review of the IAR identifies information that is shared with others – and IAOs confirm all the relevant protocols are in place. • Learning from the review of the IAR will be used to update and consolidate the corporate records retention and disposal schedule in line with the document retention policy. This will apply to all records held and in all formats and will be made available throughout the organisation. 	2	Head of Business Development & Improvement	30 Nov 2016	<p>These actions have been included in the Council's GDPR action plan – with Veritau acting as DPO for SDC.</p> <p>The IAR has been reviewed and amended to include extra information. IAOs have been identified as has the SIRO. Work still needs to take place to capture these in job descriptions, in particular HR, Housing, Legal.</p> <p>Relevant risks are covered in the Corporate Risk Register. The IAR is currently being updated to include service specific risks to information. Most</p>

					<p>services have identified low/medium/high risks on IAR, still ongoing with some areas.</p> <p>Service specific Privacy Notices are in various stages of drafting. It has been identified where areas require more than one Privacy Notice.</p> <p>The IAR identifies controllers and processors who the information is shared with. It has not yet been identified where sharing agreements are in place.</p> <p>Retention periods for information assets have either been identified or are being queried on the IAR. This is ongoing and key areas missing are HR, Housing, and Legal.</p>
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					Revised date 31 Mar 2020
Development Management	Development management will introduce a process to ensure that all documents which the ICO recommends be removed from the public planning register are removed once the application has been determined.	2	Planning Development Manager	30 Apr 2018	The resource is not available to carry out a manual process on Anite. Alternative options are being considered and software changes are currently being discussed with IT. As yet there is no date for implementation.
PCI DSS	Data & Systems will seek assurances from NYCC as to the compliance of their cardholder data processing and liaise with the new income management system software supplier to better understand the future of PARIS and possible opportunities for scope reduction. An options appraisal will then be presented to Leadership Team which will set out the risk and cost implications of pursuing changes to the existing cardholder data environment. As for the compliance validation requirements, responsibilities will be established and assurances will either be obtained from NYCC that compliance requirements are	1	Head of Business Development & Improvement	30 Sep 18	Civica have bought Northgate PARIS – the Council’s current payments and income management system – and will no longer commit to supporting the software. As a result, the Council is required to procure new software. The Council has now put the order in to purchase CivicaPay – a hosted solution that removes the software

	<p>being fulfilled or arrangements will be put in place to ensure that Selby District Council fulfils its requirements.</p> <p>The content of policy and procedures for PCI DSS will be influenced by the option chosen by Leadership Team. Once a corporate decision has been taken the policy and procedures will be developed accordingly.</p>				<p>risks around compliance. Software to be implemented Q2 next year.</p> <p>Revised date of 30 Sep 2020.</p>
Contract Management and Procurement	<p>A framework contract using the M3NHF Schedule of rates for responsive maintenance and void work will be procured this financial year. The framework contract will consist of several lots reflecting the schedule and various trade disciplines. Preparatory work is currently underway to ensure all current and local suppliers are supported prior to and during the formal tender process.</p>	2	Head of Commissioning, Contracts & Procurement	31 Mar 19	<p>Formal arrangements have been put in place or previous arrangements have ended with four of the five identified suppliers with which there was no contract, preferred supplier or framework agreement in place. The fifth supplier will be part of a new framework agreement.</p> <p>Initial preparatory work has been done on the framework and it is expected to be fully in place by March 2020.</p>

					Revised date of 31 March 2020
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